

FINANCIAL WORKBOOK



THE
CHEMIST
THE COMMUNITY PHARMACY GROWTH KIT

**One step at a time.
You'll get there.**



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Welcome to your Pharmacy Financial Fitness Workbook! This step-by-step guide will help you evaluate your pharmacy's financial health by tracking five key ratios: Profit Margin, Current Ratio, Inventory Turnover, Debt-to-Equity Ratio, and Sales Growth Rate. By the end of this workbook, you'll have actionable insights to strengthen your pharmacy.

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Section 1: Profit Margin

How Much Are You Really Keeping?

Formula:

$$\text{Profit Margin (\%)} = (\text{Net Profit} / \text{Total Sales}) \times 100$$

Worksheet:

1. Total Sales for the month:

2. Total Expenses for the month:

3. Net Profit (Total Sales - Total Expenses):

4. Profit Margin (%) = (Net Profit / Total Sales) x 100: _____

Reflection:

- Is your profit margin at least 20%?
- If not, what can you adjust (e.g., pricing, supplier deals, or operational costs)?

Action Plan:

Section 2: Current Ratio

Can You Pay Your Bills on Time?

Formula:

Current Ratio = Current Assets / Current Liabilities

Worksheet:

1. Current Assets (cash, inventory, accounts receivable): _____
2. Current Liabilities (accounts payable, short-term loans): _____
3. Current Ratio = (Current Assets / Current Liabilities): _____

Reflection:

- Is your current ratio 1.5 or higher?
- What can you do to improve cash flow or reduce liabilities?

Action Plan:

Section 3: Inventory Turnover

Are Your Shelves Moving Fast Enough?

Formula:

Inventory Turnover = Cost of Goods Sold (COGS) / Average Inventory

Worksheet:

1. Cost of Goods Sold (for the period):

2. Average Inventory (starting + ending inventory / 2): _____

3. Inventory Turnover = (COGS / Average Inventory): _____

Reflection:

- Is your turnover between 6 and 8?
- Which slow-moving products can you promote or discontinue?

Action Plan:

Section 4: Debt-to-Equity Ratio

Are You Relying Too Much on Loans?

Formula:

Debt-to-Equity Ratio = Total Liabilities / Shareholders' Equity

Worksheet:

1. Total Liabilities (loans, accounts payable): _____

2. Shareholders' Equity: _____

3. Debt-to-Equity Ratio = (Total Liabilities / Shareholders' Equity): _____

Reflection:

- Is your ratio under 1?
- What debt can you pay off or refinance to reduce this ratio?

Action Plan:

Section 5: Sales Growth Rate

Is Your Business Growing?

Formula:

Sales Growth Rate (%) = [(Current Period Sales - Previous Period Sales) / Previous Period Sales] x 100

Worksheet:

1. Current Period Sales: _____
2. Previous Period Sales: _____
3. Sales Growth Rate (%) = [(Current Sales - Previous Sales) / Previous Sales] x 100:

Reflection:

- Is your growth rate positive?
- What new services or products can you introduce to boost sales?

Action Plan:

Action Summary

Summarize the actions you plan to take based on your findings:

1. Improve Profit Margin:

2. Boost Current Ratio:

3. Optimize Inventory Turnover:

4. Reduce Debt-to-Equity Ratio:

5. Increase Sales Growth Rate:

Tools and Resources

- **Templates:** Use a spreadsheet or accounting software to track these ratios monthly.
- **Support:** Join The Chemist WhatsApp Channel for free resources and tips.

Remember: A financially fit pharmacy is a growing pharmacy. Start tracking your ratios today!

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